

ARIZONA STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION  
1400 W. WASHINGTON STREET, CONFERENCE ROOM B1  
PHOENIX, AZ 85007

**JUNE 27, 2013**  
**FINANCE COMMITTEE MINUTES**

Members present: David Walser, Chairman  
Jason Pistillo

Also present: Teri Stanfill, Executive Director  
Keith Blanchard, Deputy Director  
Cassandra Pinon, Program/Project Specialist  
KD, Administrative Assistant  
Jeanne Galvin, Assistant Attorney General

**I. CALL TO ORDER**

Chairman Walser called the meeting of the Finance Committee to order at 10:01 a.m.

**II. MARCH 28, 2013 FINANCE COMMITTEE MINUTES:** Mr. Pistillo made a motion to approve the March 28, 2013 Minutes as written. Mr. Walser seconded the motion and the motion carried.

**III. DISCUSSION AND ACTION ON THE FINANCIAL STATUS AND LICENSE RENEWALS:**

**A. Arizona Automotive Institute** – Represented by Darin Barga, Campus President and by phone, Michael Zawisky, COO, Sean Kerrigan, CFO and Art Rodriguez, Compliance.

Mr. Zawisky stated that progress is being made on the pending transaction, ACCSC vacated the Probation Order, outcomes are improving and a “maturing” campus leadership team.

The committee did not have any additional questions.

**Motion:** Mr. Pistillo made a motion to recommend to the State Board approval of the 2013 Regular Vocational Program Renewal with the stipulations that the \$100,000 Surety Bond be maintained, continue quarterly reporting and that Complaint #11-NS003 be dismissed. Mr. Walser seconded the motion and the motion carried.

**B. Asian Institute of Medical Studies (IMS)** – Represented by Alex Holland, President

Mr. Holland explained that AIMS hopes to increase enrollments through additional advertising/community awareness in Tucson and China, but enrollment has been steady for now. In response to Mr. Walser’s question regarding the 2012 audit, Mr. Holland responds the 2012 audit should be ready by mid-August. In response to Mr. Pistillo’s question regarding April and May, Mr. Holland responds that administrative costs have increased as a result of hiring a new, onsite accountant and that he is now taking a salary.

**Motion:** Mr. Walser made a motion to approve the 2013 Regular Degree-Granting License Renewal with the stipulations that the \$15,000 Cash Deposit be maintained and continue quarterly reporting. Mr. Pistillo seconded the motion and the motion carried. Mr. Holland agreed to the stipulations.

**C. ABC Bartending.** Represented by Edward Raymond

Mr. Raymond stated he is currently negotiation with the landlord for a rental rate reduction. Mr. Raymond also explained that the casino programs have had problems because the Casinos are no longer requiring the dealers to have training. Mr. Raymond also acquired a defensive driving school and has moved the school to ABC's location. Mr. Raymond also explained he has cut expenses.

In response to Mr. Pistillo's question regarding the second quarter, Mr. Raymond responded that finances are about the same.

The FC approved the 2013 Regular Vocational Program license with the stipulations that the \$15,000 Surety Bond be maintained and submit to quarterly reporting.

**Motion:** Mr. Pistillo made a motion to approve the 2013 Regular Vocational Program License Renewal with the stipulations that the \$15,000 Surety bond be maintained and submit to quarterly reporting.

**D. Interface Technical Training (ITT).** Represented by Mike La Gioia, President

Mr. La Gioia stated his email explains that ITT is primarily corporate training, approximately 97% and less than \$30,000 was student funded. Mr. Walser asked Ms. Stanfill if the Board would have any liability for the corporate funding. Ms. Stanfill stated no, the Board would not have any liability.

In response to Mr. Walser's question, Mr. La Gioia stated ITT has a \$30,000 cash deposit. Mr. Walser asked what the amount of the bond should be based upon the calculation. It was determined it would be less than the \$15,000.

Mr. Pistillo asked if ITT plans to increase the number of non-corporate students. Mr. La Gioia responded it was not their core business.

**Motion:** Mr. Pistillo made a motion to approve the 2013 Regular Vocational Program License Renewal, the Cash Deposit can be reduced to \$15,000 and quarterly reporting is not required. Mr. Walser seconded the motion and the motion carried. Mr. La Gioia agreed.

**E. Medline School of Medical Transcription.** Represented by Chad Sines (by phone)

Mr. Sines explains the school has experienced significant growth and improved the delivery platform, which also reduced operating costs. Mr. Sines also stated Medline intends to add additional programs and that is why an application for a change of name was submitted.

Mr. Pistillo expressed his concerns with the financial statements, specifically the change in equity in the balance sheet. Mr. Sines responds that the quick books does not include the investment activities of intellectual property, depreciation, escrow goodwill and amortization amounts, but that the accounts will be included in quick books. Mr. Pistillo expressed concern as a result; the quarterly reports may be significantly different from the accountant's financial statements.

Mr. Walser expressed his concern with the 2011 balance sheet shows that intellectual property of \$105,000, but the quarterly statement did not show intellectual property. Mr. Sines explains that this is also a result of the accountant's entries and the internal quick books used to generate the quarterly reports. Mr. Walser requested clarification that the accountant was going to make the adjusting entries to the quick books to reflect the accrual of the long term assets. Mr. Sines confirmed the entries will be reflected in the next quarterly report.

Mr. Pistillo asked if there was a difference between the quarterly report and the accountant's statements. Mr. Sines responds not that he was aware of. Mr. Walser stated that depreciation would have been different.

Mr. Walser asked for an update regarding the legal issues with the previous owner. Mr. Sines explained that they are still waiting on a ruling from the Judge if the matter goes to trial or arbitration.

Mr. Walser asked if there was still a concern with the course materials that were acquired. Mr. Sines responded that a lot of the materials had been compromised, so they have completely replaced all of the materials for the programs. A significant amount of "clean up" was required in many areas. Mr. Walser suggested that the intellectual property may have to be written off, or down, as a result; and if some of the expenses incurred should been capitalized instead of expensed.

Mr. Walser and Mr. Pistillo both expressed their serious concerns with the accuracy of the financial statements as well as accounting policies.

**Motion:** Mr. Pistillo made a motion to approve the 2013 Regular Vocational Program License and the Supplemental License Application for a Change of Name with the stipulations that the \$15,000 Surety Bond be maintained and continue quarterly reporting.

#### **IV. REVIEW OF QUARTERLY REPORTS**

**A. American Indian College of the Assemblies of God.** Represented by Rev. Jim Lopez, Executive Vice President and Monica Stern, CPA

Rev. Lopez and Monica Stern, CPA addressed the FC. Rev. Lopez explained AIC is going through a significant transition with a new President and V.P. Rev. Lopez explained the budget cuts and the new enrollment management system. Ms. Stern further explained the changes taking place.

**B. American Medical College of Homeopathy.** Represented by Dr. Rowe, President, Susan Olsen, bookkeeper and Dr. Hasselman, Chairman of the Board.

Dr. Rowe explained that AMCH is doing fairly well, reducing expenses, research projects moving forward; starting a class in August and planning new programs. Dr. Rowe also stated their fiscal year ended June 30th and is showing a profit of \$50,000.

Mr. Pistillo asked if AMCH has met their target to increase revenues. Dr. Rowe stated they are on target.

Dr. Rowe asked if AMCH could be removed from quarterly.

**Motion:** After discussion, Mr. Walser made the motion to remove AMCH from quarterly reporting. Mr. Pistillo seconded the motion and the motion carried.

**C. Chandler University.** Represented by Steve Cooper

Mr. Cooper stated that a CU Board meeting is scheduled to discuss how to fund CU and enrollments. Mr. Cooper stated he had been out all quarter due to his illness. Mr. Walser notes that the prior funding sources are no longer available. Mr. Cooper explained it was because he had been out due to his illness. Mr. Pistillo asked how this quarter is doing. Mr. Cooper responded that it is improving and have plans to hire an admissions representative.

**D. Executive Academy of Scottsdale.** Represented by Susan Douglas, Greg Cutler, and Magdalena Dimitrova by phone.

Ms. Dimitrova reported that classes started in January with 30 students. Ms. Dimitrova also stated that expenses are in line with the budget. Mr. Walser requested an explanation of the Student Ambassador Agreement. Ms. Dimitrova explained it is primarily for the students (primarily in Bolivia) who cannot afford the program but the student can attend through the agreement by providing five hours of service weekly to the institution.

**E. Le Cordon Bleu College of Culinary Arts (LCB).** Represented by Lloyd Kirsch, Campus President, Elaine Hedgecock, Regulatory Operations and Ryan Benjamin, Regional Comptroller

Mr. Kirsch stated that enrollment has increase by 40% over the last year; implemented cost reductions and added admission staff. Mr. Kirsch also explained that LCB is planning to only offer the associate programs. In response to Mr. Walser's question regarding the break-even point, Mr. Kirsch responded LCB needs an additional 100 students to break-even. Mr. Pistillo asked how long the parent company is willing to support LCB. Mr. Kirsch responds believes that the parent company will continue with support of LCB.

**F. Phoenix Computer Academy (PCA).** Represented by Aparna Gupta

Ms. Gupta stated that PCA is doing very well. Mr. Pistillo noted that PCA made a profit the last 2 quarters and asked about the beginning of the June quarter. Ms. Gupta explained PCA is operating at a profit. Ms. Gupta requested the Committee remove PCA from quarterly

reporting. Mr. Walser stated that PCA should remain on quarterly, perhaps until the next renewal cycle.

**G. Providence Training Institute (PTI).** Represented by Roger Olade

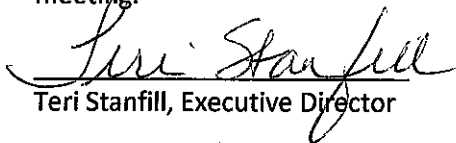
Mr. Olade stated enrollment is good and the 2nd campus (new) is also profitable. Mr. Olade explained the two campuses and his practice are sharing resources. Mr. Pistillo asked why the March 2013 Balance Sheet did not show any liabilities; Mr. Olade was not sure. Mr. Walser asked if the students pay up front. Mr. Olade responded they do. Mr. Walser stated that would require a liability for the student's unearned tuition. Mr. Pistillo stated his concern that the March 31, 2013 Balance Sheet is incorrect.

**H. Tucson College.** Represented by Lillie Roman and Joe Reichard, Interim Regional Manager

Ms. Roman stated enrollment has improved as a result of additional training that is being provided to admissions personnel. Ms. Roman also explained there has been a change in the management team and that monthly expenses have been reduced. Mr. Walser asked about the projections. Ms. Roman explained that the projections on the quarterly reports do not reflect the revised projections, but will be corrected with the new fiscal year. Mr. Reichard, Interim Regional Manager, explained that the ATB issue had a significant impact on Tucson College.

**VI. ADJOURNMENT:** The meeting adjourned at 11:18 a.m.

The June 27, 2013 Finance Committee Minutes were approved at the December 16, 2013 meeting.

  
Teri Stanfill, Executive Director